



Item No. 6 Town of Atherton

CITY COUNCIL STAFF REPORT – STUDY SESSION

TO: HONORABLE MAYOR AND CITY COUNCIL

**FROM: GEORGE RODERICKS, CITY MANAGER
ROBERT BARRON III, FINANCE DIRECTOR**

DATE: MARCH 2, 2022

SUBJECT: FY 2022/23 BUDGET KICK-OFF AND OVERVIEW

RECOMMENDATION

Review and Discuss.

BACKGROUND

This is the first meeting of the FY 2022/23 Budget cycle. Because the Budget process is intended to be an open and public process, the Budget process starts with a high-level Budget Kick-Off and Overview. The Overview is not intended as a detailed discussion; instead, it focuses on a recap of the current Fiscal Year, identifies some of the Preliminary Budget Assumptions and introduces the 5-year Forecast. For the Council, this is largely known data and projections; but for the public that may choose to participate, it may be new and informational.

The Annual Budget serves as a Policy Statement of the City Council. It aligns the Town's annual revenues with Goals and Objectives for the coming year. One of the Town's core financial strategies is stability. As staff prepares the budget each year, it is with a focus on creating a balanced budget that meets the Council's Goals and Objectives *and* maintains long-term financial stability.

The General Fund is the primary operating fund of the Town, and the majority of revenue to that fund is Property Taxes. In turn, the General Fund is also the single largest contributor to the Town's Capital Improvement Fund for capital projects.

This staff report provides, in brief:

- An overview of the FY 2021/22 Year-End Projected Fiscal Condition (end of year projection)
- An overview of the Town's Major Revenue Sources and 5-Year Forecasts
- An overview of the Town's Major Expenditure Categories and 5-Year Forecasts
- An overview of the Budget Process and Policy Discussions

Forecasted revenues and expenditures **do not represent actual budget expectations** year over year. Forecasts serve only as a means to evaluate budget assumptions. Below is the FY 2022/23 Budget Review Calendar for the coming months.

FY 2022/23 Budget Calendar
City Council Meeting March 2, 2022 – Meeting #1
An overview of the FY 2021/22 Year-End Projected Fiscal Condition An overview of the Town’s Major Revenue Sources and 5-Year Forecasts An overview of the Town’s Major Expenditure Categories and 5-Year Forecasts An overview of the Budget Process and Policy Discussions
City Council Study Session Meeting April 6, 2022 – Meeting #2
Review and Discussion of the Operations Budget
City Council Study Session Meeting May 4, 2021 – Meeting #3
Review and Discussion of the Special Funds & Capital Projects Budget
City Council Study Session Meeting June 1, 2021 – Meeting #4
Review and Discussion of the Final Draft Budget & Special Revenues/Other Funds
City Council Regular Meeting June 15, 2022 – Meeting #5
Adoption of the Final FY 2022/23 Budget

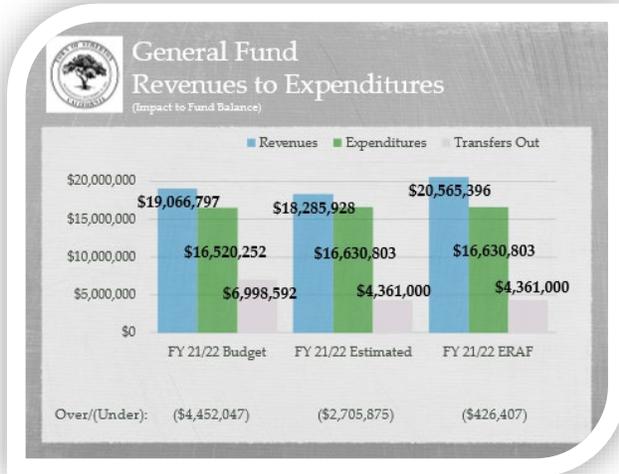
ANALYSIS

FY 2021/22 Year-End Projected Fiscal Condition

As noted during last month’s Mid-Year Budget Report, Property Tax revenue for the year *increased by 4.2%* over the adopted budget. Most of the increase was due to secured property tax revenue and property transfer taxes. There was an identified shortfall in *Property Tax in Lieu of VLF* for FY 2021/22. Staff advised that there was a shortfall Countywide in the amount of \$56m. For VLF In Lieu the Town is projected to receive \$1.06m, this includes a shortfall of approximately \$342k for FY 2021/22. In FY 2020/21, there was a shortfall of \$574k. This amount will be recaptured as part of the State’s FY 2022/23 Budget. There is a similar request to the State to backfill the most recent shortfall as part of State’s FY 2023/24 Budget as a means of recovery of the total VLF shortfall to the Town.

The Educational Revenue Augmentation Fund (ERAF) remains a vital component to reduce long-term liabilities and fund one-time capital project needs. The Town does not include ERAF as a revenue source for ongoing operational expenditures. The Town has a policy to treat ERAF as “one time” revenue for specific projects or priorities such as capital projects and contributions toward long-term liabilities. ERAF has served as a funding source in support of the Town Center

Project. Based on Council priorities, ERAF can be used to reduce unfunded pension liabilities or be used for other long-term debt. With the Town Center project nearing completion there is an opportunity to focus on other Town priorities.



At Mid-Year, staff provided the Council with a summary of the Town’s fiscal condition and expectation for the rest of the fiscal year.

FY 2021/22 General Fund revenues are projected at \$20.6m (inclusive of ERAF \$2.27m). FY 2021/22 General Fund expenditures are projected at \$16.63m. There was a transfer out of \$4.4m, largely for capital projects.

The projected year-end fund balance for FY 2021/22 is \$17,598,873, well above the Town’s reserve requirements for FY 2021/22. Removing reserves and the America Rescue Plan funds of \$1.7m, this leaves an Unallocated General Fund balance of the required reserves is \$10,071,092 or 61% of adjusted expenditures.

Projected FY 2021/22 Ending Fund Balance		\$17,598,873
Required 15% Emergency Reserve		(\$2,494,620)
Required 20% Contingency Reserve		(\$3,326,161)
TOTAL RESERVE REQUIREMENT		(\$5,820,781)
<i>American Rescue Plan Reserve</i>		<i>(\$1,707,000)</i>
General Fund Unallocated Balance		\$10,071,092

The America Rescue Plan funds remain set aside until the Town formally reports their use to the State for specific projects and COVID-19 related expenditures. Once the report is completed, the funds will be absorbed into the Town’s General Fund.

Major Revenue Sources and 5-Year Forecasts

The Town’s major revenue sources are Property Tax, Building Fees, and ERAF.

Property Tax Revenue

Property taxes comprise about 70% of the total General Fund Revenues. Since FY 2011/12, the Town has seen an Assessed Property Value growth of about 105% - or 7.5% per year. Some years are higher, and some years are lower; but the overall trend is a decrease in growth.

Tax Year	Assessed Property Value	Growth Year over Year
2011/12	\$6,373,832,577	
2012/13	\$6,949,217,818	9.03%
2013/14	\$7,575,935,532	9.02%
2014/15	\$8,068,565,397	6.50%
2015/16	\$8,791,201,962	9.00%
2016/17	\$9,512,555,665	8.21%
2017/18	\$10,220,091,841	7.44%
2018/19	\$10,941,160,453	7.06%
2019/20	\$11,664,530,505	6.61%
2020/21	\$12,376,059,220	6.10%
2021/22	\$13,078,821,692	5.68%

Atherton’s changes in property values are based mainly on CPI growth, residential remodels, and new construction on razed properties. The Town’s Property Tax Consultant HdL Companies suggests that the Town use a projected increase of 4.5 to 5 percent in property tax revenues. This is a combination of the projected CPI growth plus a review of construction activity that will come online in the next assessment period. For the 5-year forecast, staff projected a 4.5% increase in year one, and a 4.0% increase in years two through five. For the purposes of budgeting in each successive current fiscal year, these are conservative projections that can be adjusted year over year.

Building Permit Revenues

Building permit revenue is another major revenue source for the Town. Total revenue includes the basic building permit fee (calculated based a valuation per square foot); various flat fees for plumbing, mechanical and electrical permits; grading and drainage permits; and plan check fees.

During Mid-Year, building revenue increased beyond our initial projections. The increase was due to increased building activity in the Town during the FY 2021/22. Staff typically projects building fee revenue increases conservatively at 2% per year. With the increase in building activities the forecast is set at 3% over the next four years and 2% in the fifth year.

ERAF

From FYs 2013/14 to FY 2015/16, the Town allocated a total of \$3,211,958 of ERAF funds toward Council priorities related to retiree healthcare and pension liabilities. ERAF revenues received from FYs 2016/17 to FY 2020/21 were directed to the Town Center Project – a total thus far of \$7,722,878.

Fiscal Year	Budget Amount	Actual Amount	Use of Funds
FY 2013/14	\$700,000	\$1,020,000	OPEB Liabilities
FY 2014/15	\$700,000	\$1,125,000	\$680,684 – OPEB Liabilities \$444,316 – Workers’ Comp

Fiscal Year	Budget Amount	Actual Amount	Use of Funds
FY 2015/16	\$1,200,000	\$1,066,958	\$112,998- WC Equity \$548,950- CalPERS UAL \$405,010- Additional CIP
FY 2016/17	\$1,033,000	\$1,103,185	Town Center
FY 2017/18	\$1,066,958	\$1,280,172	Town Center
FY 2018/19	\$1,025,000	\$1,691,772	Town Center
FY 2019/20	\$1,300,000	\$1,784,091	Town Center
FY 2020/21	\$1,312,500	\$1,863,658	Town Center

In recent years, the State’s budget process has targeted ERAF as a revenue source that the State attempts to subvert for their own budget needs. As a result, in FY 2012/13, staff recommended that ERAF be removed as a revenue source upon which the Town’s operational needs relied. ERAF was set aside each year as a “one-time” revenue source that could be allocated after receipt to capital projects or long-term liabilities for the Town. Staff could then project ERAF conservatively due to the potential effect of State budget processes. In some years, the State was successful at diverting ERAF funds and in other years, they were not. The actual amount that the Town receives is dependent on the State’s budget process. In recent years, local agencies have been successful at protecting ERAF revenue as a local revenue source.

For FY 2021/22, staff’s conservative projection for ERAF was \$1.1m. Actual revenue for FY 2020/21 was \$2,279,468. This is the highest ERAF that the Town has *ever* received and is due to several factors, including but not limited to, catch-up provisions, property values, and school revenues. Staff recommends that for projection purposes, FY 2022/23 revenue be estimated at \$1.6m

ERAF remains under threat at the State level. In June 2020, the Legislative Analyst’s Office and the State Legislature issued an opinion asserting that the five ERAF counties have miscalculated the ERAF allocations, and the State pursued correction. The State Controller’s Office (SCO) issued guidelines in early 2021 to be used to determine a school district’s ERAF entitlement. The guidelines were effective for FY 2019/20 and thereafter. The County has reviewed and implemented the State guidelines for ERAF. Even though the Town has seen increases in ERAF recently, staff still believes that down the line the State could make additional changes to the calculation to reduce the excess ERAF. This has become more evident in recent legislation being introduced that requires counties and cities to pay for the State’s VLF obligations using Excess ERAF monies that local taxing agencies are entitled to receive. The proposed language does not make counties and cities whole for the State’s VLF obligations. While there is consensus that even with the new State Guidelines, local agencies, counties, and districts will still receive Excess ERAF, the protection of ERAF revenue is an annual event.

These three major revenues represent the primary revenues to the Town. Below is a table that reflects 5-year projections for these three revenue sources.

Major Revenues					
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Property Taxes	\$13,710,953	\$14,259,391	\$14,829,767	\$15,422,957	\$16,039,876
Building Fees	\$1,804,110	\$1,857,783	\$1,913,067	\$1,970,009	\$2,028,659
Excess ERAF	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Total Revenues	\$17,115,063	\$17,717,174	\$18,342,834	\$18,992,966	\$19,668,535

As part of the budget process staff reviews and projects other significant revenues to ensure there is adequate funding to meet operational service levels. Except for Planning Revenue (3%), *these revenues are projected at 1% to 2% and/or based on historical amounts received in the 5-year forecast.* Park Program Revenue is projected based on current program revenue as we continue to monitor use post-pandemic. The following table reflects the projections of other significant revenue sources.

Other Significant Revenues					
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Sales & Use Tax	\$290,700	\$296,514	\$302,444	\$308,493	\$314,663
Franchise Fees	\$978,180	\$997,744	\$1,017,698	\$1,038,052	\$1,058,813
Business License	\$269,280	\$274,666	\$280,159	\$285,762	\$291,477
Planning Revenue	\$226,909	\$233,716	\$240,728	\$247,950	\$255,388
DPW Revenue	\$663,850	\$682,545	\$701,800	\$721,633	\$735,251
Park					
Program Revenue	\$169,371	\$172,758	\$176,214	\$179,738	\$183,333
Other Revenue	\$874,323	\$892,171	\$910,478	\$938,513	\$957,969
Total Revenues	\$3,472,613	\$3,550,114	\$3,629,521	\$3,720,141	\$3,796,894

Major Expenditure Categories and 5-Year Forecasts

The Town reviews and reduces its operational costs where feasible. With completion of the Town Center nearing in the current Fiscal Year, there will also be increases in operational costs. FY 2022/23 will be a learning year as staff monitors the needs and expectations of this new capital resource.

Significant policy decisions have been made over the years that have reduced the Town’s long-term liability and current operational labor costs. These included cost-sharing agreements for healthcare as well as pension obligations and elimination of Town-paid retiree healthcare. These arrangements will continue to benefit the Town over time.

The Town has also taken steps to reduce its long-term liabilities by funding its Other Post Employment Benefit (OPEB) Trust. There is currently \$8.7 million in the Trust. In the future these funds will reduce ongoing operational costs. Staff will be asking PARS to conduct an analysis to determine at what point the Town can begin to use the assets of the Trust to fund ongoing obligations.

The 5-Year Projections for Salaries and Benefits are shown below.

Salaries & Benefits					
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Administration	\$724,417	\$749,772	\$776,014	\$803,174	\$835,301
Finance	\$612,507	\$633,945	\$656,133	\$679,097	\$706,261
Building	\$268,321	\$277,712	\$287,432	\$297,492	\$309,392
Police	\$7,191,683	\$7,443,392	\$7,703,911	\$7,973,548	\$8,292,489
DPW	\$525,238	\$543,621	\$562,648	\$582,340	\$605,634
Total	\$9,322,166	\$9,648,442	\$9,986,138	\$10,335,651	\$10,749,077

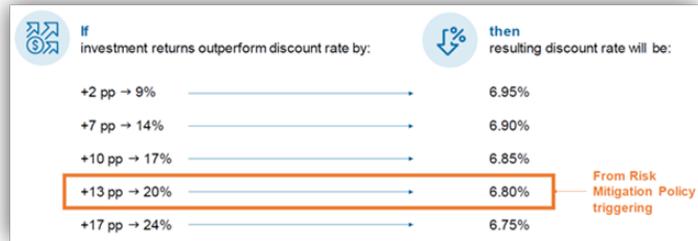
Major operational expenditure categories within the department budgets are *Professional Services* and *Other Technical Services*. These expenditure categories represent a variety of contract services, software licensing, and basic operational costs. These are built into the projection table below and represent services such as building and safety services, maintenance services, park event services, tree maintenance, IT services, legal services, planning services, IT services, and animal control services. Services provided under contract are not Town staff. There may be contract and operational cost adjustment that will increase beyond basic projections as we move to full function at the new Town Center. Basic budget assumptions for the General Operations expenditure budgets are 3.5% to 4.5% year to year in the forecast. *Actual budget requirements may be slightly different as we move through the budget process.*

Operational Expenditures	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Council	56,802	59,358	61,436	63,279	65,177
Administration	248,900	260,101	269,204	277,280	285,599
Attorney	323,950	338,528	350,376	360,888	371,714
Finance	219,400	229,545	237,145	244,259	251,587
Planning	295,395	308,688	319,492	329,077	338,949
Building	1,025,051	1,071,178	1,108,669	1,141,930	1,176,187
Inter-department	935,212	977,297	1,011,502	1,037,941	1,062,448
Police	1,026,128	1,072,304	1,109,835	1,143,130	1,177,424
DPW	2,184,277	2,282,569	2,362,459	2,433,333	2,499,701
Total Amount	\$6,315,115	\$6,599,568	\$6,830,118	\$7,031,117	\$7,228,786

Pension Liabilities

Over the years the CalPERS pension discount rate reduced from 7.5% to 7.0%. In 2021, CalPERS began an Asset Liability Management (ALM) review of the pension fund. This review is done every four years and is part of a process to ensure the investment risk and strategic allocation align with the discount rate and continue to increase the pension funded status. This review is in addition to the modest changes the board made to asset allocation, discount rate, actuarial demographic assumptions, and funding risk mitigation policies in previous years. The recent FY 2020/21 investment return of the pension fund was 21.3% and for the first time this triggered the Funding Risk Mitigation Policy (FRMP). This policy sets thresholds to be used when the investment returns outperform the discount rate. Such thresholds define the total investment return required for a

reduction in the discount rate to take place. The FRMP requires that the discount rate be lowered in years of investment returns that meet a specified threshold. The FY 2020/21 return of 21.3% falls within the 13.0% additional investment return required and thus reduces discount rate by .20%. As a result, the discount rate will be reduced from 7% to 6.8%. At its November 15 meeting, the CalPERS Board selected a portfolio that would provide a projected rate of return of 6.8% while balancing risk and reward on investments. The new discount rate for the next several years is set at 6.8%, and the implemented changes will take effect July 2022. The new discount rate will not affect public agency employers until FY 2023/24. The effect of these changes is a gradual increase in the required contributions for UAL and Normal Cost increases.



The contribution rate set by CalPERS for Miscellaneous Employees (non-sworn) is 11.06% in FY 2021/22 and in FY 2022/23 represents no change in the rate. The contribution rate set by CalPERS for Public Safety Employees (sworn) is 25.59% in FY 2021/22. It will have a slight increase to 25.64% in FY 2022/23.

The Town’s estimated Unfunded Actuarial Liability (UAL) payments (minimum annual payments to CalPERS) look as follows:

Unfunded Accrued Liability					
Plans	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Miscellaneous	\$468,227	\$504,400	\$542,700	\$567,000	\$582,600
Public Safety	\$1,185,101	\$1,274,000	\$1,363,000	\$1,422,000	\$1,476,000
Total	\$1,653,328	\$1,778,400	\$1,905,700	\$1,989,000	\$2,058,600

The above UAL’s are invoiced to the Town at the beginning of each fiscal year. Paying at the beginning of the year as a lump sum versus monthly results in a savings to the Town. These projections do not reflect the impact of the new 6.8% discount rate as CalPERS has not yet provided those projections.

Staff monitors the discount rate and effects of CalPERS changes over the years. CalPERS Actuarial Reports are reviewed each year by the Finance Committee. The Finance Committee recently met with CalPERS Actuary, Julian Robinson, to provide a review of the Town’s June 30, 2020 actuarial reports and to discuss the CalPERS Board approved changes. Mr. Robinson advised that due to the reduction in the discount rate, pension costs will increase in the next several years; but there will also be a reduction in the UAL that will reflect the recent 21.3% investment return.

The Finance Committee reviewed the CalPERS Pension Outlook Tool with Mr. Robinson and evaluated various scenarios for investment return and discount rate. The Committee also reviewed the impact of the Town making Additional Discretionary Payments (ADP) toward unfunded

liabilities. The Committee evaluated potential ADPs of \$3m, \$4m, and \$5m. The scenarios are to be discussed in greater detail as part of the Town’s Financial Planning Model.

The FY 2020/21 Financial Reports recorded a net pension liability of \$19.3m (local miscellaneous and public safety). This is an increase of \$1.6m from the previous year. Staff will continue to present the CalPERS Actuarial Reports to the Finance Committee and work with CalPERS actuary to continue to review and discuss pension liabilities as we discuss opportunities to pay down unfunded pension liabilities.

Debt Service Lease Payments

The Town issued COP Lease Financing of \$6.78m for cash flow purposes for the Town Center Project. The COP is a ten (10) year financing tool with a five (5) year call option and average annual debt service of approximately \$861,000. The first semi-annual payment began December 2020. The current direction of the Council is to exercise the call option in June 2025 and pay off the COP. The call option estimated payment amount is \$4.7m. Through term, the total lease financing payments is \$8.6m of which includes interest of \$915k.

Capital Projects

Capital Projects will be addressed in detail at Meeting #3 – May 4. Currently, the Town Center Project is the Town’s major capital focus. This project will complete in the current fiscal year. In addition, the Town will soon bring a bid package to the City Council to release for bid the Park Circulation Plan Improvement Project. Staff is reviewing priority projects from the various Master plans for Council review.

Funding sources for capital projects are the following:

General Fund	Library Funds
Capital Improvement Fund	Channel Funds
Measure A, Measure W, & Measure M	Surface Transportation Funds
Gas Tax	Donations (Town Center)
MTC transportation Funds	Remaining Parcel Tax

Fund and Reserve Balances

The General Fund is the Town’s primary operating fund and also maintains reserve balances for emergencies, operating reserves, capital reserves and unallocated reserves. A portion of the Town’s General is set aside as committed to *Emergency Reserves*. Emergency Reserves represent 15% of the **actual** annual General Fund operating expenditures each year.

The Town also has an *Operating Reserve* set aside at 20% of the **actual** annual General Fund operating expenditures each year. There is no defined use for the Operating Reserve other than set aside funding. These Reserves provided financial assurance to the Town’s lender for the COP. The City Manager does not have discretion to utilize the Emergency Reserve or the Operational Reserve without specific City Council direction.

Any remaining fund balance not reserved or committed is designated as *Unallocated Fund Balance*. This Unallocated Fund Balance represents funds that have not yet been assigned.

Budget Process and Policy Discussions

The budget process is done in stages to allow the City Council and public time to review the General Fund Operations Budget, the Capital Improvement Budget, Special Revenues, and Internal Service Funds. The budget process provides staff the opportunity to examine programs, propose changes in current services, outline operational needs and recommend capital outlay items to the City Council.

Budget Goals

As staff prepares the budget, staff will set goals for each department that continue to maintain or enhance the level of service throughout the community, while ensuring that the Town maintains its core strategy of fiscal stability. These goals are based on the overall Council Policy Goals.

POLICY FOCUS

The policy focus for this item is discussion and overview of the budget process, philosophy, and assumptions. There are policy areas for Council discussion and direction. Discussion includes budget revenue and expenditure assumptions, the use of excess ERAF, reserve policies, and a policy focus on the reduction of long-term liabilities.

GOAL ALIGNMENT

This report and its contents are in alignment with the following Council Policy Goals:

- Goal A – Maintain Fiscal Transparency
- Goal F – Be Forward-Thinking, Well-Managed, and Well-Planned

FISCAL IMPACT

None.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

The Town maintains a Fiscal Transparency web portal and includes all budget information on its website. Links to these various areas are below:

Fiscal Transparency Web Page: <http://www.ci.atherton.ca.us/index.aspx?NID=269>

Archive of Town Budgets: <http://www.ci.atherton.ca.us/index.aspx?nid=273>

Financial Data Portal (OpenGov): <http://www.ci.atherton.ca.us/index.aspx?nid=361>

Financial Audit Archive: <http://www.ci.atherton.ca.us/Archive.aspx?AMID=39&Type=&ADID=>

Actuarial Valuations Archive:

<http://www.ci.atherton.ca.us/Archive.aspx?AMID=61&Type=&ADID=>

Labor Contracts, Agreements, and Salary/Benefit Information:

<http://www.ci.atherton.ca.us/index.aspx?nid=192>

ATTACHMENTS

FY 2022/23 General Fund Five Year Forecast

							Revised					
Town of Atherton							Factor Table	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
General Fund 101							Factor-Property	0.045	0.040	0.040	0.040	0.040
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.030	0.030	0.030	0.030	0.020
						Factor-Oth-Low	0.020	0.020	0.020	0.020	0.020	
						Factor-Oth-High	0.020	0.020	0.020	0.020	0.020	
						Salary+Benefits	0.040	0.040	0.040	0.040	0.040	
						Other Admin	0.040	0.040	0.040	0.040	0.040	
						Planning	0.030	0.030	0.030	0.030	0.030	
	Property Tax W/O ERAF					6.25%	4.50%	4.00%	4.00%	4.00%	4.00%	
Account	Description	Actual	Actual	Actual	Actual	Actual	Revised Budget 2021-2022	5-Year Projection				
		2016-2017	2017-2018	2018-2019	2019-20	2020-21		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
	Revenues											
101-00-40001-000	Secured Property Tax	7,515,741	8,080,982	8,662,522	9,269,350	9,834,557	10,578,791	11,054,837	11,497,030	11,956,911	12,435,188	12,932,595
101-00-40002-000	Unsecured	380,418	434,767	433,425	455,718	437,101	435,000	454,575	472,758	491,668	511,335	531,788
101-00-40004-000	SB813 Redemption (Suppl)	260,285	255,995	299,345	244,902	324,085	296,000	309,320	321,693	334,561	347,943	361,861
101-00-40006-000	Prop Tax in Lieu of VLF (motor veh)	1,020,888	1,096,821	1,174,444	1,196,646	751,425	1,061,738	1,109,516	1,153,897	1,200,053	1,248,055	1,297,977
101-00-40008-000	Excess ERAF	-	-						0	0	0	
101-00-40010-000	Unsecured SB813 Redemp/Suppl	9,135	4,246	6,276	565	669		-	-	-	-	0
101-00-42005-000	Property Transfer Tax	409,226	447,096	440,871	444,416	702,515	749,000	782,705	814,013	846,574	880,437	915,654
	Total Property Taxes	9,595,693	10,319,908	11,016,883	11,611,597	12,050,352	13,120,529	13,710,953	14,259,391	14,829,767	15,422,957	16,039,876
101-00-41001-000	Sales & Use Tax General	254,793	225,389	250,391	260,617	128,929	190,000	193,800	197,676	201,630	205,662	209,775
101-00-41002-040	Prop 172 Sales Tax for Police	85,258	87,766	92,919	92,773	98,406	95,000	96,900	98,838	100,815	102,831	104,888
101-00-41004-000	In Lieu Sales Tax/Trip Flip	23	-						0	0	0	0
	Total Sales Taxes	340,074	313,155	343,309	353,389	227,335	285,000	290,700	296,514	302,444	308,493	314,663
		80.3%	92.1%	109.6%	102.9%	64.3%	91.0%	102.0%	102.0%	102.0%	102.0%	102.0%
101-00-42001-000	Franchise Taxes-Utilities	237,035	240,215	237,574	255,629	266,694	264,000	269,280	274,666	280,159	285,762	291,477
101-00-42002-000	Franchise Tax-Cal Water	121,898	142,588	149,310	149,353	167,916	162,000	165,240	168,545	171,916	175,354	178,861
101-00-42003-000	Franchise Tax-Garbage	332,498	309,812	328,957	351,889	341,303	396,000	403,920	411,998	420,238	428,643	437,216
101-00-42004-000	Franchise Taxes-Cable	141,495	140,845	103,702	165,641	132,467	137,000	139,740	142,535	145,385	148,293	151,259
	Total Franchise Fees	832,926	833,461	819,542	922,513	908,381	959,000	978,180	997,744	1,017,698	1,038,052	1,058,813
		103.1%	100.1%	98.3%	112.6%	98.5%	115.1%	102.0%	102.0%	102.0%	102.0%	102.0%
101-00-40005-000	Homeowners Exemption	35,854	35,227	34,661	34,012	33,785	37,400	38,148	38,911	39,689	40,483	41,293
101-00-40007-000	Motor Veh. Lic Fees (MVLFF)	3,203	3,763	3,425	5,596	5,157	5,200	5,304	5,410	5,518	5,629	5,741
	Total Intergovernmental	39,057	38,990	38,086	39,608	38,942	42,600	43,452	44,321	45,207	46,112	47,034
		94.9%	99.8%	97.7%	104.0%	98.3%	109.3%	102.0%	102.0%	102.0%	102.0%	102.0%
101-00-43001-000	Business Licenses	240,700	240,031	227,679	261,350	264,162	264,000	269,280	274,666	280,159	285,762	291,477
	Total Business License Tax	240,700	240,031	227,679	261,350	264,162	264,000	269,280	274,666	280,159	285,762	291,477
		136.8%	99.7%	94.9%	114.8%	101.1%	110.0%	102.0%	102.0%	102.0%	102.0%	102.0%
101-00-47001-000	Home Occupation Permit	300	600	300	300	200	300	309	318	328	338	348
101-00-47019-020	Zoning & Planning Fees	247,897	230,129	191,067	219,237	231,510	220,000	226,600	233,398	240,400	247,612	255,040
	Total Planning Revenue	248,197	230,729	191,367	219,537	231,710	220,300	226,909	233,716	240,728	247,950	255,388
		101.0%	93.0%	82.9%	114.7%	105.5%	95.5%	103.0%	103.0%	103.0%	103.0%	103.0%
101-00-47002-025	Building Permit Fee	1,111,832	1,165,834	1,090,343	832,533	1,185,419	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129
101-00-47004-025	Grading & Drainage	65,720	67,340	58,936	59,128	80,054	65,000	66,950	68,959	71,027	73,158	75,353
101-00-47021-025	Plan Check Fee	477,931	553,541	391,289	386,144	438,926	402,000	414,060	426,482	439,276	452,455	466,028

Town of Atherton							Factor Table	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
General Fund 101							Factor-Property	0.045	0.040	0.040	0.040	0.040
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.030	0.030	0.030	0.030	0.020
							Factor-Oth-Low	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.50%	4.00%	4.00%	4.00%	4.00%
Account	Description	Actual	Actual	Actual	Actual	Actual	Revised Budget 2021-2022	5-Year Projection				
		2016-2017	2017-2018	2018-2019	2019-20	2020-21			FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
101-00-47030-025	Tree Removal Plan Check	92,625	66,079	55,503	47,129	61,540	70,000	72,100	74,263	76,491	78,786	81,149
101-00-47050-025	Penalty No Building Permit				5,509	31,894	15,000	15,000	15,000	15,000	15,000	15,000
	Total Building Revenue	1,748,474	1,852,795	1,596,071	1,330,443	1,797,832	1,752,000	1,804,110	1,857,783	1,913,067	1,970,009	2,028,659
		122.2%	106.0%	86.1%	83.4%	135.1%	94.6%	103.0%	103.0%	103.0%	103.0%	103.0%
101-00-44001-040	Municipal & Vehicle Code Fines	9,802	16,779	11,289	4,335	1,822	5,000	5,100	5,202	5,306	5,412	5,520
101-00-44002-040	Other Fines & Forfeiture (County)	37,036	38,354	48,280	30,459	44,118	36,000	36,720	37,454	38,203	38,968	39,747
101-00-45007-040	POST Reimb	3,376	12,218	16,750	32,571	9,127	18,000	18,360	18,727	19,102	19,484	19,873
101-00-45011-040	DOJ Grant (vests)	-	-	4,999				-	-	-	-	-
101-00-45012-040	DUI Grant	1,910						-	-	-	-	-
101-00-45017-040	ABAG Grant	8,296	-					-	-	-	-	-
101-00-47005-040	Other Licenses & Permit	3,151	5,246	5,480	6,297	3,255	7,800	7,956	8,115	8,277	8,443	8,612
101-00-47009-040	Photocopy Fee	38	362	178	212	204	150	153	156	159	162	166
101-00-47011-040	Alarm Sign Fees	842	1,363	3,917	1,400	1,440	1,900	1,938	1,977	2,016	2,057	2,098
101-00-47012-040	Vehicle Release	1,052	1,240	1,075	741	2,176	2,500	2,550	2,601	2,653	2,706	2,760
101-00-47013-040	Police Report	-	1		1			-	-	-	-	-
101-00-47014-040	Fingerprinting Fee	128	75	-				-	-	-	-	-
101-00-47016-040	Special Service Fee	4,481	10,712	7,058	2,742		6,500	6,630	6,763	6,898	7,036	7,177
101-00-47017-040	Solicitor's Permit	124	124	31				-	-	-	-	-
101-00-47046-040	Alarm Permit Fee				20,141	5,100	16,000	16,320	16,646	16,979	17,319	17,665
101-00-47049-040	False Alarm Fees						40,000	40,800	41,616	42,448	43,297	44,163
101-00-48004-040	Sale of Property	-	760	965				-	-	-	-	-
101-00-48501-040	Donation/Contribution	-	-			306		-	-	-	-	-
101-00-48502-040	Miscellaneous Income	1,076	117	1,961	2,620	386	700	714	728	743	758	773
101-00-48503-040	Property Damage Reimbursement	-	-					-	-	-	-	-
101-00-48505-040	SRO Reimbursement			80,000	75,000		75,000	80,000	80,000	80,000	80,000	80,000
	Total Police Revenue	71,312	87,350	181,983	176,519	67,934	209,550	217,241	219,986	222,786	225,641	228,554
		# 55.0%	122.5%	208.3%	97.0%	38.5%	239.9%	103.7%	101.3%	101.3%	101.3%	101.3%
101-00-45005-050	C/CAG AB 1546-vehicle regst fee	-	-		7,859			-	-	-	-	-
101-00-45016-058	DOC-Cal Recylce Grant					5,000	5,000	5,000	5,000	5,000	5,000	5,000
101-00-45019-050	ABAG Grant	-	-					-	-	-	-	-
101-00-45021-053	Highway Maint Reimbursement	71,400	35,700	35,700		35,700	35,700	35,700	35,700	35,700	35,700	35,700
101-00-47003-050	Encroachment	331,656	437,971	622,526	424,393	654,992	605,000	623,150	641,845	661,100	680,933	694,551
	Total DPW Revenue	403,056	473,671	658,226	432,252	695,692	645,700	663,850	682,545	701,800	721,633	735,251
		139.3%	117.5%	139.0%	65.7%	160.9%	136.3%	102.8%	102.8%	102.8%	102.8%	101.9%
101-00-47022-058	Social Fees	102,005	84,298	93,275	85,074	14,581	70,000	71,400	72,828	74,285	75,770	77,286
101-00-47023-058	Meeting Fees	23,550	36,854	21,677	7,830	478	10,000	10,200	10,404	10,612	10,824	11,041
101-00-47025-058	Class Fees	18,740	26,860	19,995	20,166	-	15,000	15,300	15,606	15,918	16,236	16,561

Town of Atherton							Factor Table	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
General Fund 101							Factor-Property	0.045	0.040	0.040	0.040	0.040
Revenue & Expenditures 5-Yr Proj							Factor-Building	0.030	0.030	0.030	0.030	0.020
							Factor-Oth-Low	0.020	0.020	0.020	0.020	0.020
							Factor-Oth-High	0.020	0.020	0.020	0.020	0.020
							Salary+Benefits	0.040	0.040	0.040	0.040	0.040
							Other Admin	0.040	0.040	0.040	0.040	0.040
							Planning	0.030	0.030	0.030	0.030	0.030
	Property Tax W/O ERAF						6.25%	4.50%	4.00%	4.00%	4.00%	4.00%
Account	Description	Actual	Actual	Actual	Actual	Actual	Revised Budget 2021-2022	5-Year Projection				
								FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
		2016-2017	2017-2018	2018-2019	2019-20	2020-21						
101-00-47028-058	Weddings	30,200	27,000	29,487	30,500	19,573	30,000	30,600	31,212	31,836	32,473	33,122
101-00-47029-058	Park Day Use Fee	12,575	10,375	12,375	6,280	11,288	10,500	10,710	10,924	11,143	11,366	11,593
101-00-47033-058	Catering Service Fee						5,000	5,100	5,202	5,306	5,412	5,520
101-00-47039-058	Park Rev-Admin 30% Non-Resident	33,225	28,944	33,120	30,182	9,346	21,000	21,420	21,848	22,285	22,731	23,186
101-00-47040-058	Park Rev-Admin 15% Resident	4,470	6,705	2,925	2,526	338	4,550	4,641	4,734	4,828	4,925	5,024
	Total Park Program Revenue	224,765	221,036	212,854	182,558	55,603	166,050	169,371	172,758	176,214	179,738	183,333
		125.9%	98.3%	96.3%	85.8%	30.5%	75.1%	102.0%	102.0%	102.0%	102.0%	102.0%
101-00-44003-000	Heritage Tree Damage Fee	16,800	6,400	48,870	95,820	37,313	130,000	132,600	135,252	137,957	140,716	143,531
101-00-40004-000	C & D Deposit Forfeited	104,600	268,113	601,547	27,600	322,600	65,000	66,300	67,626	68,979	79,610	81,202
101-00-45016-025	DOC Grant	10,000	5,000		5,000			5,000	5,000	5,000	5,000	5,000
101-00-45019-000	Grant	-	-			10,000		-	-	-	-	-
101-00-45020-000	Other Reimbursements	4,683		17	5,006	2,599		-	-	-	-	-
101-00-47005-000	Other Licenses & Permit	-	-					-	-	-	-	-
101-00-47005-012	Other Licenses & Permit	1,875	2,100	1,950	2,325	974	1,500					
101-00-47009-000	Photocopy Fee	455	-			652		-	-	-	-	-
101-00-47031-030	Tree Inspection Fee	30,457	26,532	28,396	36,541	39,780	31,000	31,620	32,252	32,897	33,555	34,227
101-00-47036-030	Admin Citation (code enforcement)	31,700	44,900	84,200	76,700	114,850	55,000	56,100	57,222	58,366	59,534	60,724
101-00-47038-000	Banner Permit Fee	1,800	2,663	1,875	2,400	1,763	2,475	2,525	2,575	2,626	2,679	2,733
101-00-47045-000	Drone Application Fee		5,550	150			750	765	780	796	812	828
101-00-48001-000	Interest Income	48,009	190,679	726,088	570,793	(89,438)	175,000	156,500	159,630	162,823	166,079	169,401
101-00-48002-000	Cell Antenna Lease	53,198	55,858	58,651	56,390	64,663	65,441	68,713	72,149	75,756	79,544	83,521
101-00-48003-000	Property Rental - Playschool	79,810	82,153	85,512	73,303	41,668	89,533	87,897	89,655	91,448	93,277	95,143
101-00-48004-000	Sale of Property	-	350					-	-	-	-	-
101-00-48005-000	Post Office	7,550	7,207	6,751	2,127	2,628	3,200	3,264	3,329	3,396	3,464	3,533
101-00-48501-000	Donations/Contributions		3,377		100	1,000		-	-	-	-	-
101-00-48502-000	Miscellaneous Income	8,691	5,786	10,104		10,164	2,300	2,346	2,393	2,441	2,490	2,539
101-00-48507-000	Settlement/Claims	7,328	-	6,638	4,619	13,423		-	-	-	-	-
101-00-48508-000	COVID-19 RELIEF FUND		297			86,813						
101-00-48510-000	Atherton 2020 Lease COP				7,680,000	169		-	-	-	-	-
101-00-48515-000	Rule 20A Funds					642,521						
	Total Misc. Revenues	406,956	706,965	1,660,748	8,638,723	1,304,142	621,199	613,630	627,864	642,485	666,760	682,381
		123.5%	173.7%	234.9%	520.2%	15.1%	87.9%	98.8%	102.3%	102.3%	103.8%	102.3%
	Total Operating Revenues	14,151,210	15,318,089	16,946,749	24,168,488	17,642,085	18,285,928	18,987,675	19,667,287	20,372,354	21,113,107	21,865,430

Town of Atherton						Factor Table	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	
General Fund 101						Factor-Property	0.045	0.040	0.040	0.040	0.040	
Revenue & Expenditures 5-Yr Proj						Factor-Building	0.030	0.030	0.030	0.030	0.020	
						Factor-Oth-Low	0.020	0.020	0.020	0.020	0.020	
						Factor-Oth-High	0.020	0.020	0.020	0.020	0.020	
						Salary+Benefits	0.040	0.040	0.040	0.040	0.040	
						Other Admin	0.040	0.040	0.040	0.040	0.040	
						Planning	0.030	0.030	0.030	0.030	0.030	
	Property Tax W/O ERAF					6.25%	4.50%	4.00%	4.00%	4.00%	4.00%	
Account	Description	Actual	Actual	Actual	Actual	Revised Budget 2021-2022	5-Year Projection					
		2016-2017	2017-2018	2018-2019	2019-20		2020-21	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
	<u>Expenditures</u>	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
	City Council Department	39,105	111,327	43,638	27,116	50,108	54,356	56,802	59,358	61,436	63,279	65,177
	Administration Department	794,667	774,241	795,819	875,808	854,155	1,015,458	973,317	1,009,873	1,045,218	1,080,455	1,120,900
	City Attorney Department	157,334	167,712	225,011	388,662	252,020	310,000	323,950	338,528	350,376	360,888	371,714
	Finance Department	654,304	666,077	701,754	768,780	805,458	843,294	831,907	863,489	893,277	923,356	957,848
	Planning Department	228,549	281,801	266,525	296,502	453,479	303,783	295,395	308,688	319,492	329,077	338,949
	Building Department	1,200,876	1,275,633	1,191,448	1,095,558	1,331,719	1,396,909	1,293,372	1,348,890	1,396,101	1,439,421	1,485,579
	Inter-dept	341,674	461,119	624,018	892,801	800,379	935,340	1,403,439	1,481,697	1,554,202	1,604,941	1,645,048
	Police Department	6,521,887	6,796,760	7,494,480	7,621,569	8,309,741	9,032,305	9,402,912	9,789,696	10,176,745	10,538,677	10,945,913
	Public Works Department (adj)	1,488,839	1,518,890	1,649,833	1,666,529	1,641,026	2,739,358	2,709,514	2,826,190	2,925,107	3,015,673	3,105,335
	Total Operating Expenditures	11,427,235	12,053,559	12,992,527	13,633,325	14,498,085	16,630,803	17,290,609	18,026,409	18,721,955	19,355,768	20,036,463
		108.0%	0.0%	0.0%	0.0%	0.0%	138.0%	104.0%	104.3%	103.9%	103.4%	103.5%
	Excess (Deficiency) of Revenues Over Expenditures	2,723,974	3,264,530	3,954,222	10,535,163	3,144,001	1,655,125	1,697,066	1,640,878	1,650,399	1,757,339	1,828,966
	Other Financing Sources/(Uses)											
	Special Parcel Tax Fund Support Sa	372,000	372,000					-	-	-	-	-
	Trsfr in/(out) Tennis Fund	-	-					-	-	-	-	-
	Trsfr in/(out) CIP	(4,423,138)	(165,000)	(2,532)								
	Trsfr in/(out) Road Impact Fee Fund	-	-									
	ERAF	1,103,185	1,280,172	1,691,772	1,784,091	1,863,658	2,279,468	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
	Trsfr in/(out) COP DEBT SERVICE		(92,118)				(861,000)	(861,000)	(861,000)	(861,000)		
	COVID-AMERICA RESCUE PLAN						1,707,000					
	Trsfr in/(out) Workers Compensation	(112,998)	(357,140)	(235,397)	(110,000)							
	2020 COP Lease Payment				(837,930)							
	Transfer out Const.406-COP Funds				(1,551,164)	(5,965,635)	(3,500,000)				(4,738,202)	
	Trsfr in/(out) Facilities Construction	-	-		(6,192,783)	(8,924,190)						
	Total Transfers In/(Out)	(3,060,951)	1,037,914	1,453,844	(6,069,856)	(13,864,098)	(374,532)	739,000	739,000	739,000	(3,138,202)	1,600,000
		109.5%	-33.9%	140.1%	-417.5%	228.4%	-36.1%	-197.3%	100.0%	100.0%	-424.7%	-51.0%
	Incr/(Decr) of Bldg Dept Operating Reserve											
	Incr/(Decr) of General Fund Reserve	(336,977)	4,302,444	5,408,066	4,465,308	(10,720,097)	1,280,593	2,436,066	2,379,878	2,389,399	(1,380,863)	3,428,967
	Net Change in Fund Balance	(336,977)	4,302,444	5,408,066	4,465,308	(10,720,097)	1,280,593	2,436,066	2,379,878	2,389,399	(1,380,863)	3,428,967
	Beginning Fund Balance	13,199,537	12,862,560	17,165,004	22,573,069	27,038,377	16,318,280	17,598,873	20,034,939	22,414,817	24,804,217	23,423,354

Town of Atherton						Factor Table	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	
General Fund 101						Factor-Property	0.045	0.040	0.040	0.040	0.040	
Revenue & Expenditures 5-Yr Proj						Factor-Building	0.030	0.030	0.030	0.030	0.020	
						Factor-Oth-Low	0.020	0.020	0.020	0.020	0.020	
						Factor-Oth-High	0.020	0.020	0.020	0.020	0.020	
						Salary+Benefits	0.040	0.040	0.040	0.040	0.040	
						Other Admin	0.040	0.040	0.040	0.040	0.040	
						Planning	0.030	0.030	0.030	0.030	0.030	
	Property Tax W/O ERAF					6.25%	4.50%	4.00%	4.00%	4.00%	4.00%	
Account	Description	Actual	Actual	Actual	Actual	Actual	Revised Budget 2021-2022	5-Year Projection				
		2016-2017	2017-2018	2018-2019	2019-20	2020-21		FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
	Ending Fund Balance	12,862,560	17,165,004	22,573,069	27,038,377	16,318,280	17,598,873	20,034,939	22,414,817	24,804,217	23,423,354	26,852,320
							102.5%	113.8%	111.9%	110.7%	94.4%	114.6%
	Fund Balance Schedule											
	Building Reserve	505,000	505,000	505,000	505,000		-	-	-	-	-	-
	15% Emergency Reserve	1,714,085	1,808,034	1,948,879	2,044,999	2,174,713	2,494,620	2,593,591	2,703,961	2,808,293	2,903,365	3,005,469
	Reserve to pay off side funds											
	20% Reserve	2,285,447	2,410,712	2,598,505	2,726,665	2,899,617	3,326,161	3,458,122	3,605,282	3,744,391	3,871,154	4,007,293
	Reserved for ARP						1,707,000					
	Available Fund Balance	8,358,028	12,441,258	17,520,685	21,761,713	11,243,950	10,071,092	13,983,226	16,105,574	18,251,532	16,648,835	19,839,558
	Ending Fund Balance	12,862,560	17,165,004	22,573,069	27,038,377	16,318,280	17,598,873	20,034,939	22,414,817	24,804,217	23,423,354	26,852,320
							102.5%	113.8%	111.9%	110.7%	94.4%	114.6%



Town of Atherton

2022/2023

Budget Study Session

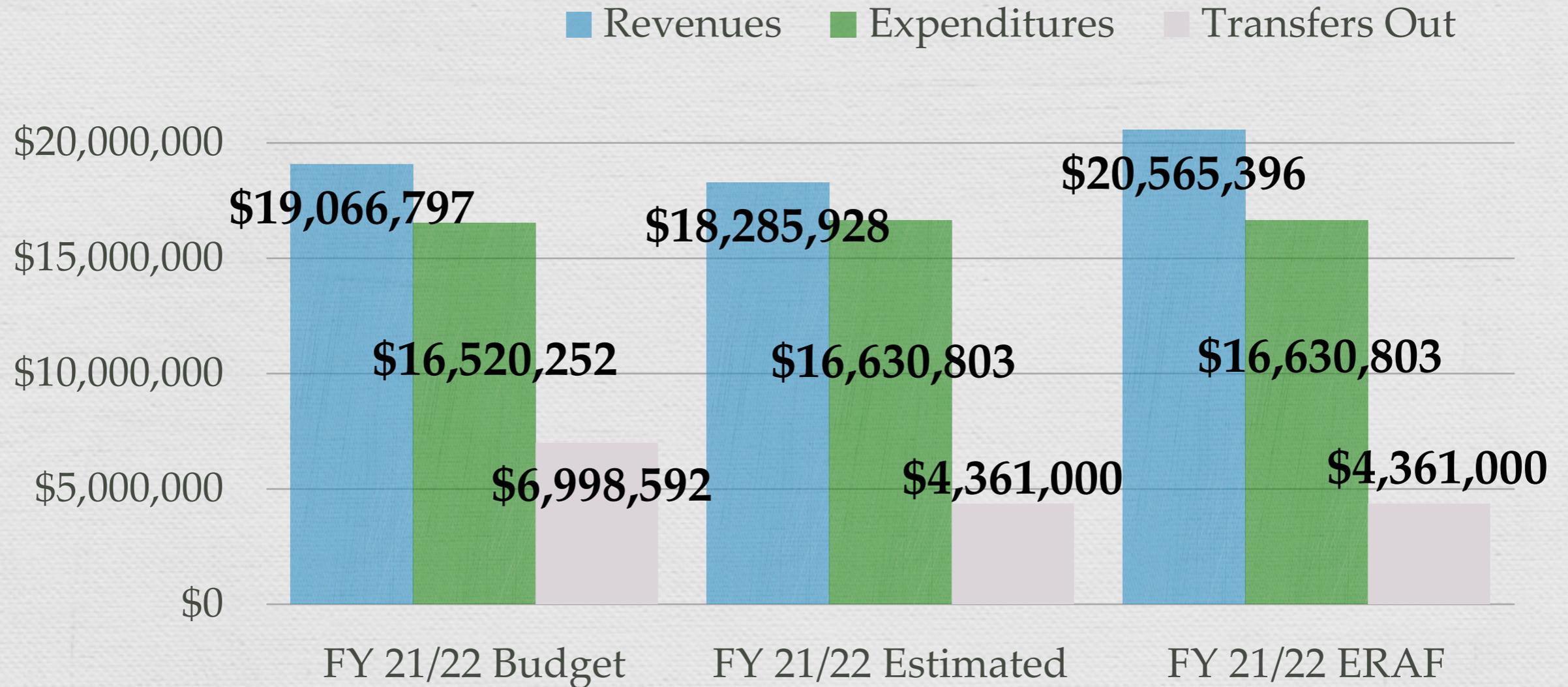
Budget Kick-Off & Overview

- FY 2021/22 Year-End Projected Fiscal Condition
- Major Revenue Sources & 5-Year Forecasts
- Major Expenditure Categories & 5-Year Forecasts
- Budget Process & Discussion
- Budget Calendar



General Fund Revenues to Expenditures

(Impact to Fund Balance)



Over/(Under): (\$4,452,047)

(\$2,705,875)

(\$426,407)



Fund Balance and Reserves

FY 2021/22 Expenditures (Adjusted)	\$16,630,803
Projected FY 21/22 Ending Fund Balance	\$17,598,873
15% Emergency Reserve	\$2,494,620
20% Contingency Reserve	\$3,326,161
TOTAL RESERVE REQUIREMENT	\$5,820,781
American Rescue Plan Reserve	\$1,707,000
Less Above Reserve Requirement & ARP= General Fund Unallocated Reserves Balance	\$10,071,092

GF Major Revenue Sources 5-Year Forecasts

- Property Tax (~70% of GF Revenue)
- Building Fees (~9% of GF Revenue)
- ERAF (~8% - below the line- of GF revenue)

GF Major Revenue Sources 5-Year Forecasts

Major Revenues	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Property Taxes	\$13,710,953	\$14,259,391	\$14,829,767	\$15,422,957	\$16,039,876
Building Fees	\$1,804,110	\$1,857,783	\$1,913,067	\$1,970,009	\$2,028,659
Excess ERAF	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Total Revenues	\$17,115,063	\$17,717,174	\$18,342,834	\$18,992,966	\$19,688,535

Property Taxes are projected at 4% to 4.5% (4% in 22/23)

Building Fees are projected at 3%

ERAF projected approx. \$1.6m as "below the line" revenue

GF Other Revenue Sources 5-Year Forecasts

Major Revenues	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Sales/Use Tax	\$290,700	\$296,514	\$302,444	\$308,493	\$314,663
Franchise Fees	\$978,180	\$997,744	\$1,017,698	\$1,038,052	\$1,058,813
Business License	\$269,280	\$274,666	\$280,159	\$285,762	\$291,477
Planning	\$226,909	\$233,716	\$240,728	\$247,950	\$255,388
DPW	\$663,850	\$682,545	\$701,800	\$721,633	\$735,251
Park	\$169,371	\$172,758	\$176,214	\$179,738	\$183,333
Other	\$874,323	\$892,171	\$910,478	\$938,513	\$957,969
Total	\$3,472,613	\$3,550,114	\$3,629,521	\$3,720,141	\$3,796,894

Above Revenues are projected conservatively at 1%-2%

GF Major Expenditures 5-Year Forecasts

- Operations (~% of budget)
 - Admin – ~5.7%
 - Finance - ~ 4.8%
 - Building - ~ 8%; Planning ~ 2%
 - Inter/OPEB - ~7.5%
 - Police – ~54.4%
 - DPW - ~15.7%

Major Components of Operational Expenses

- Labor Costs (forecasting forward @ 3.5%; 4%)
- Pension Costs
 - 2022/23 Local Miscellaneous – 11.06%
 - 2022/23 Local Safety – 25.64%

Actual Amount is 1% less for Miscellaneous & 3% Less for Public Safety

- OPEB ARC – There is currently \$8.7 million in the Trust on a Town allocation of \$5m.
- Operational Expenses (forecasting forward 3.5% to 4.5%)
- CalPERS UAL – Misc. \$468K; Public Safety \$1.18M

Major Components of Operational Costs

- Significant Professional Service Contracts
 - Building Contract & IT Services
 - MCE
 - Contract Custodial Services
 - Landscape Services
 - Park Event Services
 - Planning Services
 - Legal Services

Unfunded Accrued Liability

	Unfunded Accrued Liability				
PLANS	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Miscellaneous	\$468,227	\$504,400	\$542,700	\$567,000	\$582,600
Public Safety	\$1,185,101	\$1,274,000	\$1,363,000	\$1,422,000	\$1,476,000
Total	\$1,653,328	\$1,778,400	\$1,905,700	\$1,989,000	\$2,058,600

- UAL amounts invoiced at beginning of each FY
- FY 2021/22 UAL Payments:
 - Miscellaneous - 400K
 - Public Safety - \$1.029M

Reserve Balances

- General Fund (GF) Committed Fund Balance –
 - Emergency Reserve - 15% of *actual* GF op. expenditures
 - Operating Reserve - 20% of *actual* GF op. expenditures
- Unallocated Fund Balance –
 - Any remaining balance not reserved, committed, or specifically assigned.
 - the Unallocated Fund Balance represents funds that have not yet been assigned.

Summary & Forecast

General Fund	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Major Revenue	\$17,115,063	\$17,717,174	\$18,342,834	\$18,992,966	\$19,688,535
Other Revenue	\$3,472,613	\$3,550,114	\$3,629,521	\$3,720,141	\$3,796,894
Total Revenue	\$20,587,676	\$21,267,288	\$21,972,355	\$22,713,107	\$23,485,429
Salaries/Benefits	(\$9,322,166)	(\$9,648,442)	(\$9,986,138)	(\$10,335,651)	(\$10,749,077)
Op Ex	(\$6,315,115)	(\$6,599,568)	(\$6,830,118)	(\$7,031,117)	(\$7,228,786)
CalPERS UAL	(\$1,653,328)	(\$1,778,400)	(\$1,905,700)	(\$1,989,000)	(\$2,058,600)
Debt Service	(\$861,000)	(\$861,000)	(\$861,000)		
COP Call Option				(\$4,738,202)	
Net to Fund Balance Over/(Under)	\$2,436,066	\$2,379,878	\$2,389,399	(\$1,380,863)	\$3,428,967

ERAF is included as Major Revenue

The above does not represent **actual** budgeted expectations year over year. Annual requirements will be different as we go through the budget process.

Fund Balance Projections

General Fund	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Beginning Balance	\$17,598,873	\$20,034,939	\$22,414,817	\$24,804,217	\$23,423,354
Projected Over/(Under)	\$2,436,066	\$2,379,878	\$2,389,399	(\$1,380,863)	\$3,428,967
Est. Ending Fund Balance (including Reserves)	\$20,034,939	\$22,414,817	\$24,804,217	\$23,423,354	\$26,852,321
Remaining Unallocated Fund Balance	\$13,983,226	\$16,105,574	\$18,251,532	\$16,648,835	\$19,839,558

➤ **Does Not Include:**

General Fund allocations to Capital Projects beyond the Town Center Project in FY 2021/22

➤ **Does Include:**

> Remaining Unallocated Fund Balance is a Rolling Balance <

Process/Discussion/Calendar

- Operations Budget – April 6
- Capital Improvement Budget – May 4
- Budget Study Session – June 1
- Budget Adoption – June 15



Town of Atherton

Questions?